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ABSTRACT

This paper uses data from a large statewide survey of Massachusetts residents to measure support for Proposition 2 1/2. Proposition 2 1/2 required high tax rate communities to reduce property tax levies 15 percent per year until the tax rate is reduced to the maximum allowable rate of 2 1/2 percent of full and fair market value. Specifically, this paper addresses the question of whether individuals' expectations and preferences vary in a systematic way across communities grouped by 1981 effective tax rates. Section I describes and justifies the community groupings. Sections II and III examine how expectations of the effects of Proposition 2 1/2 and preferences for fiscal change vary across community groups. Appended are six references and a table that serves as a means for determining the significance of differences in percentages between any two subgroups in the overall sample. (SI)

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PROPOSITION 2½: VARIATIONS IN INDIVIDUAL PREFERENCES AND EXPECTATIONS ACROSS COMMUNITIES

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PROPOSITION 2 1/2: VARIATIONS IN INDIVIDUAL PREFERENCES AND EXPECTATIONS ACROSS COMMUNITIES

Massachusetts voters overwhelmingly supported a stringent tax limitation measure in November 1980. Commonly known as Proposition 2 1/2, the measure requires high tax rate communities to reduce property tax levies fifteen percent per year until the tax rate is reduced to the maximum allowable rate of 2 1/2 percent of full and fair market value. Low tax rate communities may increase property tax levies but by no more than 2 1/2 percent per year.

A state wide telephone survey of 1561 Massachusetts residents administered during the two weeks immediately following the vote shows that supporters and opponents of Proposition 2 1/2 had very different expectations about what the proposition would accomplish. Supporters were more likely than opponents to expect Proposition 2 1/2 to result in lower taxes and more efficient, reponsible government and were less likely to expect service cutbacks. In addition, the survey results indicate that supporters were more likely than opponents to desire lower levels of public services and spending and to perceive widespread inefficiency and corruption in local government. (See Ladd and Wilson, 1981.)

This paper extends the earlier analysis of the survey data by addressing the question of whether individuals' expectations and preferences vary in a systematic way across communities grouped by 1981 effective tax rates. Section I describes and justifies the community groupings. Sections II and III examine how respondents' expections of the effects of Proposition 2 1/2 and their preferences for fiscal change vary across community groups.

I. COMMUNITY GROUPS

The basic sample consists of 1561 Massachusetts heads of households, evenly divided between men and women, randomly selected from 58 cities and towns. The sampling design assures that the 58 communities are representative of all communities throughout the state in terms of per capita property wealth, per capita expenditures, population and percent of owner-occupied housing.[1] The basic sample is supplemented by interviews with an additional 94 randomly selected household heads in Boston. Combining the 154 respondents from Boston in the basic sample with the 94 from the oversample yields a sample large enough for separate analysis of the views of Boston residents. This is desirable because of Boston's large size, its special fiscal problems and its high tax rate.[2] Respondents from other cities and towns have been grouped into three categories defined by the estimated 1981 full value tax rate in the respondent's community.[3] These tax rate categories are defined as follows:

Low tax rate -- towns and cities with tax rates less than 2.5 percent;

Moderate tax rate -- towns and cities with tax rates between 2.5 and 3.9 percent;

High tax rate -- towns and cities with tax rates greater than or equal to 4 percent (except Boston).

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[1] See Appendices A, B, and C of Helen F. Ladd and Julie Boatright Wilson, "Proposition 2 1/2: Explaining the Vote," for a description of the sampling plan and survey methodology. Because of an interviewing error, only 25 of the 55 interviews for the city of Salem were conducted. Hence, throughout the analysis each Salem respondent is given a weight of two.

[2] According to the Massachusetts Department of Revenue, Boston's 1981 full value tax rate is 9.9 percent. This is probably a substantial overestimate, however. A 1974 study by D. Holland and O. Oldman determined that the full value rate was about 6.6 percent. This is still high relative to most other cities in this state.

[3] 1981 full value tax rates are based on Massachusetts Department of Revenue estimates of the market value of taxable property in each community. For a number of reasons, the tax rate estimates probably overstate true effective tax rates, especially in the larger cities and towns.

These groups are defined to highlight differing expectations that reflect relevant differences in the objective characteristics of the respondent's community. The low tax rate communities face no first year property tax reduction but must limit the annual growth of property tax levies to 2 1/2 percent; the moderate rate communities face up to 15 percent reductions in the first year and in some cases reductions in subsequent years as well; and the high tax rate communities all face more than one year of property tax reductions.[1] Further subdivision of these groups by community service levels, the homogeneity of the population or by type of government (i.e., town meeting or mayor-city council form) would be desirable to differentiate the extent of satisfaction with current service levels and perceptions of governmental inefficiency and corruption across communities. These subdivisions are ruled out, however, because the resulting sample sizes would be too small for accurate statistical comparison of differences across groups.

The number of sample communities and total respondents in each tax rate category are as follows:

Community Group	Sample Size	Number of communities in survey
Boston	248	1
High tax rate	615	22
Moderate tax rate	620	26
Low tax rate	197	9
	1680*	58

*The basic sample of 1561 with Salem respondents weighted twice makes 1586, plus 94 additional respondents from the Boston oversample yields 1680 total respondents.

[1] Because the 1981 estimated full value tax rates probably overestimate actual tax rates, they cannot be used to make precise statements of the revenue reductions required by Proposition 2 1/2. In addition, all communities lose 62 percent of their motor vehicle excise revenues because Proposition 2 1/2 reduces the statewide uniform rate from 6.6 to 2 1/2 percent. In 1981, local revenues from this source accounted for about 6.5 percent of total local tax revenues. For a discussion of Proposition 2 1/2's first year revenue impacts, see K.L. Bradbury, H.F. Ladd, and C. Christopherson, "Proposition 2 1/2: Initial Impacts."

Because the estimated standard error of a difference in proportions depends on the two sample proportions and on the two sample sizes, no simple statement can be made about the magnitude of the difference needed for statistical significance. A rough guide for the results reported below would be that differences of eight to ten percentage points between any two groups are statistically significant. (See Appendix A for table of statistically significant differences.)

The following table shows the actual vote on Proposition 2 1/2 and the proportion of voters in our sample saying they voted "yes" on Proposition 2 1/2 by community group.

SUPPORT FOR PROPOSITION 2 1/2
(Among those who voted on Proposition 2 1/2)
By Tax Rate

Community Groups	Percent Supporting Proposition 2 1/2	
	Actual[a]	Sample[b]
Total	57.9	57.7
Boston	57.4	52.2
High tax rate	57.6	58.6
Moderate tax rate	59.4	59.2
Low tax rate	53.2	53.8

[a]Proportion of yes votes on Proposition 2 1/2 in Massachusetts communities included in each category of our sample.

[b]Proportion of voting respondents who report voting yes on Proposition 2 1/2.

A majority of voters in each group supported the Proposition, with support being somewhat weaker in communities with low tax rates than in other communities. In comparing the sample proportions to the actual proportions, it should be noted that we sampled households, not voters. This distinction is particularly relevant for Boston which has a larger proportion of single adult households than other communities in the state. Because survey results indicate that adults in single-adult households were more likely to vote "no" than respondents

in multiple-adult households, this distinction partially explains the discrepancy between the 52.2 percent of the Boston sample that said they voted "yes" and the 57.4 percent actual vote.

II. EXPECTED EFFECTS OF PROPOSITION 2 1/2

Because of major differences across the four community groups in the magnitude of local revenue losses required by Proposition 2 1/2, respondents' expectations about the measure's impact on local government activities are likely to differ systematically across these groups. We did not expect to observe systematic differences across these groups in expectations about the proposition's impact on state government activities, however. Predictions about expected impacts on overall household welfare are muddied by the possibility that the gains from local tax reductions may be offset by service reductions or higher state taxes.

Local Public Services

As Table I indicates, respondents living in high tax rate communities were more likely than those living in low tax rate communities to expect Proposition 2 1/2 to lead to reductions in the overall quantity of public services provided by their local governments. The proportion of respondents expecting service cuts ranges from 60 percent in towns with low tax rates to 76 percent in Boston.

Surprisingly, however, expectations about the impact of Proposition 2 1/2 on specific services provided by local governments exhibit little variation across groups. Only the expectations of Boston respondents stand out.

- Respondents in high, moderate and low tax-rate communities were equally likely to expect Proposition 2 1/2 to lead to cuts in each local service measured.
- Boston residents were more likely than others to expect Proposition 2 1/2 to lead to cuts in many specific local services. With respect to police and fire services, however, Boston residents were no more likely than others to expect service reductions.

Table I

PERCENTAGE OF RESPONDENTS EXPECTING SERVICE CUTBACKS
BECAUSE OF PROPOSITION 2 1/2[a,b]

By Tax Rate

Service Type	Total Respondents[c]	Property Tax Rate per $1,000 of Estimated Market Value: Boston	$40 or more	$25 to $39	Less than $25
Municipal Services					
Police	43.3%	43.9%	43.0%	44.7%	42.4%
Fire fighting	40.7	43.9	41.3	40.4	37.4
Street and sidewalk repairs	57.2	67.9	57.8	56.8	48.9
Regular garbage pickup	39.6	45.9	36.5	42.7	36.3
Local public parks and recreation	61.5	73.7	60.2	61.9	56.0
Support of local public transportation	54.1	59.1	55.4	53.7	49.4
Local School-related Services					
Public elementary and high school education	56.4	61.6	55.2	57.2	54.0
After school programs	71.4	77.4	70.9	71.7	68.2
Special education	49.9	57.2	51.2	46.9	51.1
Adult education	63.9	74.3	66.7	64.7	66.8
Human Resources Services					
Mental health programs	49.0	61.5	48.5	46.9	49.5
Services for the elderly	48.7	57.2	50.1	45.5	50.8
State and community colleges and universities	54.4	62.4	53.2	53.4	58.5
Legal Services					
Courts and Judges	31.7	38.3	30.5	29.9	32.1

Table I, continued

PERCENTAGE OF RESPONDENTS EXPECTING SERVICE CUTBACKS
BECAUSE OF PROPOSITION 2 1/2[a,b]

By Tax Rate

Service Type	Total Respondents	Property Tax Rate per $1,000 of Estimated Market Value: Boston	$40 or more	$25 to $39	Less than $25
Public Assistance					
Welfare or other public assistance	62.9%	65.4%	62.3%	63.9%	59.9%
Local Services	69.3	76.4	71.0	68.7	59.6
Services my Household Uses	47.8	54.7	49.3	46.8	38.9

[a]Based on the questions:
"Now that Proposition 2 1/2 has passed, what do you think will happen to services I read. Using the first list of phrases tell me whether you think there will be a lot less, a little less, the same, a little more or a lot more ("X'd ITEM) services now that Proposition 2 1/2 has passed?"

"Overall, how do you think the passage of Proposition 2 1/2 will affect your community--do you think the services your local government offers will be cut back a lot, cut back a little, remain the same, increase a little or increase a lot?"

"How about you and members of your household? Now that Proposition 2 1/2 has passed, do you think the public services your household uses will be cut back a lot, cut back a little, remain the same, increase a little, or increase a lot?"

[b]Each entry is the percentage of respondents who think there will be a lot less or a little less of that particular service or who think that community or household services will be cut back a lot or cut back a little. Percentages are based on those responding to the question.

[c]Total does not include Boston oversample.

Other Public Services

There are almost no differences across the three non-Boston groups in terms of respondents' expectations about the impact of Proposition 2 1/2 on human resources services, legal services and public assistance. This reflects the fact that primary responsibility for providing and financing all three rests with the state. We emphasize that expectations of service cuts at the state level are not irrational. As shown below, many respondents expected the state government to bear part of the burden of property tax reduction by providing new state aid to local governments.

Respondents from Boston were generally more pessimistic than other respondents about the impact of Proposition 2 1/2 on human resources and legal services. In the case of human resources services, the explanation may be that Boston provides some of these services locally.

Changes in Government Operations

Boston respondents were significantly less likely than other respondents to expect Proposition 2 1/2 to lead to more efficient government and more local control over school spending. Despite this difference, Table II shows that more than half the Boston respondents expected these outcomes. Respondents in communities with moderate tax rates were most likely to expect more voter control over school spending. This pattern of expectations for increased efficiency and control helps account for the similarity in expectations of cuts in specific services across the three non-Boston groups.

Tax Reform and Local-State Relations

Most respondents expected the passage of Proposition 2 1/2 to encourage the legislature to reform taxes, but respondents from low tax rate communities were slightly less likely than other respondents to expect this outcome.

Table II

PERCEIVED EFFECTS OF PROPOSITION 2 1/2[a,b]

By Tax Rate

Proposition 2 1/2 will:	Total Respondents	Property Tax Rate per $1,000 of Estimated Market Value: Boston	$40 or more	$25 to $39	Less than $25
Lower property taxes in Mass.	82.1%	85.8%	80.5%	85.9%	72.0%
Encourage state legislature to reform taxes	81.1	81.6	80.7	83.6	75.5
Increase Mass. state income taxes	60.8	65.0	57.6	63.6	62.1
Increase state sales tax	67.5	75.5	66.0	68.2	67.5
Increase state aid to cities and towns	48.7	49.2	50.4	48.6	47.1
Give state government more control over local matters	45.8	48.7	49.3	43.4	43.5
Make local government more efficient	65.2	55.7	67.4	67.2	61.3
Give local voters more control over school spending	70.8	62.5	70.7	73.7	67.2
Decrease funds for local public schools	69.2	78.8	66.0	71.9	64.0
Lower rents	39.5	36.2	40.3	40.3	34.2
Attract more business & industry to Massachusetts	73.6	73.3	74.3	74.0	63.4

[a]Based on the question: "Next, I will read a list of some of the effects that the passage of Proposition 2 1/2 might have in Massachusetts. To what extent do you agree or disagree that Proposition 2 1/2 will_____? Do you agree a lot, agree a little, disagree a little, or disagree a lot?"

[b]Each entry is the percentage of respondents who agree "a lot" or "a little" that the particular outcome will occur. Percentages are based on those responding to the question.

[c]Total does not include Boston oversample.

There were few differences across groups in respondent expectations of increased state aid to municipalities. In each group, close to half the respondents expected increases. Respondents in high tax rate communities, including Boston, were slightly more likely than others to expect Proposition 2 1/2 to give the state government more control over local matters.

Most Important Changes Resulting From Proposition 2 1/2

Respondents in each group reported that lower taxes, followed by service cutbacks and greater government efficiency were the most important effects expected to result from Proposition 2 1/2 (see Table III). Boston residents were more likely than others to report that the most important effect would be that Proposition 2 1/2 would not work or would cause problems, and respondents in low tax rate towns were more likely than others to report that the most important effect would be a shift in taxes away from property taxes.

Services Used by Respondent's Household

The higher the tax rate in the respondent's community, the more likely the respondent was to expect Proposition 2 1/2 to lead to cuts in services used by its household. Slightly less than 40 percent of respondents in low tax rate towns compared to 55 percent of Boston residents expected the tax limitation measure to affect household services directly (see Table I).

Taxes Paid by Respondent's Household

Table IV indicates that respondents in low tax rate towns were significantly less likely to expect lower household taxes and significantly more likely to expect higher household taxes because of Proposition 2 1/2 than respondents from higher tax rate communities. The difference reflects both the smaller reduction of local taxes in low tax rate communities and the fact that respondents in low tax rate towns were just as likely as respondents in other communities to expect Proposition 2 1/2 to lead to increased state sales and income taxes.

Table III

PERCEPTIONS OF MOST IMPORTANT IMPACT OF PROPOSITION 2½[a]

By Tax Rate

	Total Respondents[b]	Property Tax Rate per $1,000 of Estimated Market Value: Boston	$40 or more	$25 to $39	Less than $25
Lower taxes	28.6%	25.4%	30.7%	29.0%	24.4%
More efficiency & responsibility, less corruption	20.2	22.6	17.9	22.3	19.8
Cutback services	24.3	28.2	22.9	26.1	22.8
Send a message	11.0	8.5	10.1	12.1	10.7
Tax reform	6.3	9.7	6.2	5.3	7.1
Tax shift	6.4	3.9	6.3	5.0	13.2
Unemployment of government workers	4.1	2.4	4.1	4.4	4.1
Government will spend less	6.3	8.5	6.7	6.6	3.6
More investment in state	2.2	3.2	2.6	1.6	2.0
Less power for school committees	3.3	1.6	3.2	4.4	1.5
Less control at local level	0.9	0.8	0.5	1.0	1.5
Won't work, cause problems	11.2	16.5	11.2	9.7	11.2
TOTAL	124.2	129.5	122.4	127.5	122.4
Average number of responses per person	1.2	1.3	1.2	1.3	1.2

[a]Based on the question: "Overall, what do you think will be the single most important change caused by the passage of Proposition 2½?"

[b]Total does not include Boston oversample.

Table IV

EFFECTS OF PROPOSITION 2 1/2 ON HOUSEHOLD TAXES[a]
By Tax Rate

	Total Respondents[b]	Property Tax Rate per $1000 of Estimated Market Value: Boston	$40 or more	$25 to $39	Less than $25
Now that Proposition 2 1/2 has passed, my household taxes will be:					
Less	49.4%	48.7%	50.7%	53.4%	33.3%
Lot less	10.2	10.5	11.9	9.8	5.7
Little less	39.2	38.2	38.8	43.6	27.6
Same	30.7	30.3	29.6	29.7	36.5
More	19.9	21.0	19.7	16.9	30.2
Little more	14.9	17.2	14.4	12.8	22.4
Lot more	5.0	3.8	5.3	4.1	7.8

[a]Based on the question: "How about the amount of taxes your household pays--now that Proposition 2 1/2 has passed, do you think your household will be paying a lot less in taxes, a little less, about the same amount, a little more, or a lot more in taxes?"

[b]Total does not include Boston oversample.

Overall Effect on Household

The surprising finding in Table V is that less than 40 percent of the respondents in each group expected Proposition 2 1/2 to make their household better off. This suggests that household welfare was not the only factor motivating the vote. At the same time, we note that the pattern of responses across groups is similar to the pattern of voting outcomes based on our sample data. In particular, the two groups--Boston and the low tax rate towns--that were least likely to expect improved household welfare also provided the least support for Proposition 2 1/2.

Summary

In general, these findings confirm our prediction that expectations about the proposition's impact on local government but not on state activities would vary with the local property tax rate. At the same time, some of the differences across groups are relatively small; of particular interest is the finding that the expectations of non-Boston respondents about possible cuts in specific local service showed almost no variation across community groups.

III. DESIRED CHANGES IN SERVICE LEVELS, TAXES AND GOVERNMENT OPERATIONS

We have no firm theoretical basis for predicting how desired changes in service levels, taxes and government operations are likely to vary across communities grouped by tax rate. To the extent that high tax rates reflect taxpayer-voter demands for high public service levels, for example, residents of communities with high tax rates should be no more likely to want lower spending or service levels than residents in other communities. On the other hand, several arguments can be suggested for why respondents in high tax rate communities might be less satisfied with their fiscal situations than those in low tax rate communities. The former may interpret high tax rates, either correctly or incorrectly, as a sign that spending is excessive or that their local government is inefficient. In addition, to the extent that high tax rates reflect high spending on needy segments of the

Table V

OVERALL EFFECTS OF PROPOSITION 2 1/2 ON HOUSEHOLD [a]
By Tax Rate

	Total Respondents [b]	Property Tax Rate per $1000 of Estimated Market Value: Boston	$40 or more	$25 to $39	Less than $25
Now that Proposition 2 1/2 has passed, overall my household will be:					
Better off	37.2%	33.1%	39.4%	38.2%	30.6%
Lot better off	8.5	8.7	10.0	9.3	3.1
Little better off	28.7	24.4	29.4	28.9	26.5
Same	38.8	40.1	37.6	38.4	43.9
Worse off	23.9	26.9	23.0	23.4	26.6
Little worse off	17.1	21.9	16.6	15.8	18.9
Lot worse off	6.8	5.0	6.4	7.6	7.7

[a] Based on the question: "Overall, will your household be a lot worse off, a little worse off, about the same, a little better off, or a lot better off now that Proposition 2 1/2 has passed?"

[b] Total does not include Boston oversample.

population, non-needy residents might perceive unfair burdens on themselves. Finally, if high tax rates reflect small tax bases rather than high spending, residents in cities and towns with high tax rates may be more likely than others to prefer service increases and to prefer a shift away from local property taxes to state income or sales taxes.[1]

Preferred Level of Local Services

Respondents from Boston and the high tax rate communities were more likely than others to express preferences for higher levels of overall local services. In Table VI, the same pattern emerges with respect to preferred changes in the level of specific local services:

- Boston residents were much more interested than others in increasing police services. Nearly six in ten (59%) Boston residents wanted to increase police services, a proportion twice as high as that in low and moderate tax communities.
- Although respondents in Boston and other high tax rate communities were more likely than others to want higher local services in general, residents in low tax rate towns were equally as likely as those in high tax communities to want higher levels of garbage pickup, park and recreation services, support for local public transportation and adult education.
- Boston residents are significantly more likely than others to want higher levels of public elementary and high school education.

Preferred Level of State Services

Preferences for changes in overall state services show little variation across community groups. Similarly, preferences for many of the specific services financed primarily by the state exhibit little variation across groups. Only in the case of elderly services were residents in Boston and other high tax rate communities significantly more likely than others to prefer increases.

[1] See Bradbury, Ladd and Christopherson for evidence that actual differences in tax rates across Massachusetts communities reflect base differences more than spending differences.

Table VI

AMOUNT OF SERVICES PREFERRED[a,b]

By Tax Rate[c]

	Cut back a lot	Cut back a little	Keep the same	Increase a little	Increase a lot
MUNICIPAL SERVICES					
Police[d]	3.3%	7.6%	55.1%	21.0%	13.1%
Boston	1.6	5.3	34.1	30.5	28.5
$40 or more	3.8	6.4	53.7	22.8	13.3
$25 to $39	3.2	9.7	59.3	18.0	9.7
Less than $25	2.5	5.1	62.4	18.8	11.2
Fire	2.5	6.5	71.1	12.7	7.2
Boston	0.8	4.1	69.1	15.9	10.2
$40 or more	2.6	6.1	69.1	14.6	7.6
$25 to $39	2.8	8.7	72.3	10.3	5.9
Less than $25	2.1	3.1	75.1	10.4	9.3
Street Repairs	3.9	6.1	70.1	22.9	17.0
Boston	1.6	6.1	43.1	26.8	22.4
$40 or more	4.3	5.8	45.0	25.2	19.6
$25 to $39	4.4	7.6	54.2	20.8	13.0
Less than $25	2.7	4.3	57.3	20.0	15.7
Garbage Pickup	5.3	7.6	73.1	8.2	5.8
Boston	1.3	9.7	69.7	9.2	10.1
$40 or more	4.8	6.1	75.7	9.2	4.2
$25 to $39	7.0	7.8	73.0	7.4	4.8
Less than $25	5.3	9.9	64.9	9.2	10.7
Parks and Recreation	3.6	10.2	53.1	21.4	11.7
Boston	4.1	11.2	52.9	20.2	11.6
$40 or more	3.5	9.5	51.9	23.6	11.5
$25 to $39	3.8	11.4	53.8	20.0	11.1
Less than $25	4.3	8.6	53.5	18.9	14.6
Local Public Transportation	11.9	9.8	28.9	23.3	26.0
Boston	12.3	10.3	20.6	21.8	35.0
$40 or more	13.6	10.5	32.0	20.7	23.2
$25 to $39	11.8	8.8	28.2	26.2	25.0
Less than $25	6.0	7.3	27.8	27.2	31.8

(continued)

Table VI continued

AMOUNT OF SERVICES PREFERRED[a,b]

By Tax Rate

	Cut back a lot	Cut back a little	Keep the same	Increase a little	Increase a lot
LOCAL SCHOOL-RELATED SERVICES					
Public Elementary and High School Education	4.1%	13.0%	44.3%	22.3%	16.3%
Boston	4.8	10.4	33.0	24.3	27.4
$40 or more	4.6	13.2	41.6	24.1	16.4
$25 to $39	4.1	13.7	46.5	21.3	14.4
Less than $25	2.1	11.5	52.4	20.4	13.6
After School Programs	7.6	15.2	46.2	16.7	14.3
Boston	8.1	13.1	39.0	21.2	18.6
$40 or more	7.2	13.3	43.8	18.3	17.3
$25 to $39	8.5	17.1	49.5	13.9	11.0
Less than $25	5.8	17.5	45.0	21.2	10.6
Special Education	3.5	7.6	34.0	27.3	27.6
Boston	3.8	6.0	29.4	27.7	33.2
$40 or more	4.0	6.4	31.3	28.8	29.6
$25 to $39	3.3	8.0	37.2	26.7	24.8
Less than $25	2.6	12.0	36.1	23.0	26.2
Adult Education	6.4	11.6	54.4	18.1	9.4
Boston	5.0	15.1	49.4	17.6	13.0
$40 or more	7.3	9.5	52.8	19.5	11.0
$25 to $39	6.6	13.6	57.0	15.6	7.1
Less than $25	3.7	10.0	55.3	21.6	9.5
HUMAN RESOURCES SERVICES					
Mental Health Programs	3.7	5.8	40.4	28.0	22.1
Boston	4.3	7.4	36.5	27.0	24.8
$40 or more	4.5	7.0	36.8	28.2	23.6
$25 to $39	2.8	4.8	43.6	28.1	20.8
Less than $25	3.5	5.2	46.5	25.6	19.2
Services for the Elderly	1.4	4.6	39.5	29.0	25.6
Boston	0.8	4.6	37.6	29.1	27.8
$40 or more	1.3	4.5	34.2	30.7	29.3
$25 to $39	1.5	3.6	45.4	25.9	23.5
Less than $25	2.1	7.9	38.4	31.1	20.5

(continued)

Table VI continued

AMOUNT OF SERVICES PREFERRED[a,b]

By Tax Rate

	Cut back a lot	Cut back a little	Keep the same	Increase a little	Increase a lot
State and Community Colleges and Universities	5.1	12.6	54.1	17.4	10.8
Boston	6.6	15.8	49.0	18.3	10.4
$40 or more	6.0	12.5	51.8	17.5	12.2
$25 to $39	4.7	13.3	54.8	17.6	9.7
Less than $25	2.6	8.4	60.5	16.3	12.1
LEGAL SERVICES Courts and Judges	6.5	14.2	46.4	20.7	12.1
Boston	3.5	13.1	45.4	22.7	15.3
$40 or more	7.0	14.2	45.9	20.4	12.5
$25 to $39	7.5	12.9	48.0	21.0	10.6
Less than $25	4.0	15.0	46.8	20.8	13.3
PUBLIC ASSISTANCE Welfare or other Public Assistance	27.9	26.7	28.7	11.0	5.7
Boston	21.2	23.7	36.0	9.7	9.3
$40 or more	28.3	25.8	28.4	10.6	6.9
$25 to $39	30.2	26.8	28.4	10.7	3.9
Less than $25	27.9	29.5	24.2	12.6	5.8
LOCAL SERVICES	3.7	16.0	43.9	25.5	11.0
Boston	6.5	14.2	31.2	34.8	13.4
$40 or more	4.3	15.8	42.7	25.5	11.7
$25 to $39	2.9	17.8	45.9	22.8	10.6
Less than $25	2.0	12.2	53.1	25.5	7.1
STATE SERVICES	11.3	27.4	25.9	25.4	10.0
Boston	10.9	22.3	32.0	22.7	12.1
$40 or more	10.9	25.3	25.3	26.3	12.1
$25 to $39	11.3	30.1	34.7	26.1	7.8
Less than $25	12.4	27.3	28.9	22.7	8.8

(continued)

Table VI, continued

[a]Based on the question: "Think about the services provided by the state or local government to residents of your town or city. For each service I read, please tell me whether state or local government should be providing a lot less, a little less, the same amount, a little more or a lot more of this service. Remember, if government provides less services state or local taxes will be reduced, and if government provides more services, state or local taxes will be increased. If the service is not available to residents in your city or town, please let me know. Let's begin with ("X'd" ITEM). Which phrase in the first list describes how much more or less ("X'd" ITEM) state or local government should provide?"

[b]Percentages are based on those responding and total to 100% across each row.

[c]Tax rate is property tax rate per $1,000 of estimated market value.

[d]Totals do not include Boston oversample.

Amount Residents are Willing to Spend on Services

In response to questions about whether total state or local spending and taxes should be increased, remain the same, or be decreased, a majority of respondents in each group said they wanted to reduce spending and taxes. In no group, however, did a majority of respondents want lower spending on schools. As Table VII shows, spending preferences vary somewhat across community groups:

- Boston respondents were least interested of all respondents in decreasing state government taxes and spending and most likely to favor increases in local government spending and taxes and in school spending.
- Respondents in low tax rate communities were less interested than others in decreasing local government spending and taxes. Moreover, a higher proportion of respondents in this group than in others were satisfied with current spending levels in their communities.
- The greatest discontent with current levels of school spending emerges in the moderate and high tax rate communities.

Perceptions of Inefficiency and Corruption in Government

We use as our measure of perceived inefficiency respondents' beliefs about the extent to which spending can be cut without affecting the quality and quantity of the services provided. Table VIII reports the percentages of respondents in each group who believe that spending cuts of 5 percent or more would significantly affect the level of each specific service and the percentages who believe that spending can be cut by 15 percent or more without significantly affecting service levels. The higher the first percentage, the less inefficiency is perceived. The higher the second percentage, the greater inefficiency is perceived.

Respondents' perceptions of the efficiency of state and local government vary across community groups. Respondents in low tax rate towns are most likely to believe local services are efficiently

Table VII

DESIRED CHANGES IN TAXES AND SPENDING[a]

By Tax Rate

	Total Respondents[b]	Property Tax Rate per $1000 of Estimated Market Value: Boston	$40 or more	$25 to $39	Less than $25
State government spending and taxing should be:					
Increased	15.9%	19.4%	16.9%	14.1%	12.4%
Kept the same	20.5	27.0	20.7	18.3	26.9
Decreased	62.8	53.6	62.5	67.5	60.7
Local government spending and taxing should be:					
Increased	12.4	18.5	12.0	11.6	11.4
Kept the same	27.9	26.2	24.7	28.9	38.3
Decreased	58.6	55.2	63.3	59.5	50.3
Local public school spending and taxing should be:					
Increased	20.0	31.4	20.5	16.2	19.9
Kept the same	35.6	33.5	33.2	37.5	41.3
Decreased	44.4	35.1	46.3	46.2	38.8

[a]Based on the questions: "Compared to what the state government now spends, by what percentage, if any, would you like to see state government taxing and spending increase or decrease. You may answer any percent increase or decrease from 1% to 100% or tell me you want it to stay the same. And by what percentage, if any, would you like to see local government taxing and spending increase or decrease? And by what percentage, if any, would you like to see local public school taxes and spending increase or decrease?"

[b]Total does not include Boston oversample.

Table VIII

BELIEFS THAT SPENDING CAN BE CUT
WITHOUT AFFECTING THE QUALITY OR QUANTITY OF SERVICES:
POSSIBLE CUTBACKS OF LESS THAN 5 PERCENT/POSSIBLE CUTBACKS OF 15 PERCENT OR MORE [a,b]

By Tax Rate

Service Type	Total Respondents[c]	Property Tax Rate per $1,000 of Estimated Property Value: Boston <5%/≥15%	$40 or more <5%/≥15%	$25 to $39 <5%/≥15%	Less than $25 <5%/≥15%
Municipal Services					
Police	51%/27%	51%/29%	50%/29%	50%/27%	55%/22%
Fire fighting	NA	NA	NA	NA	NA
Street & sidewalk repairs	45/36	44/36	42/38	45/35	50/31
Regular garbage pickup	51/30	45/29	46/35	55/27	58/27
Local public parks and recreation	NA	NA	NA	NA	NA
Support of local public transportation	NA	NA	NA	NA	NA
Local School-related services					
Public elementary and high school education	38/37	43/37	39/39	36/38	44/29
After school programs	42/34	50/32	39/37	42/33	47/32
Special education	58/22	63/23	53/27	59/19	63/17
Adult education	31/45	37/41	28/47	31/45	38/39
Human Resources Services					
Mental health programs	NA	NA	NA	NA	NA
Services for the elderly	NA	NA	NA	NA	NA
State and community colleges and universities	35/40	37/42	30/42	35/42	45/32

(continued)

Table VIII continued

Service Type	Total	Property Tax Rate per $1,000 of Estimated Market Value: Boston <5%/≥15%	$40 or more <5%/≥15%	$25 to $39 <5%/≥15%	Less than $25 <5%/≥15%
Legal Services					
Courts and Judges	NA	NA	NA	NA	NA
Public Assistance					
Welfare or other public assistance	18%/67%	23%/59%	18%/68%	15%/69%	20%/65%
State Services	11/73	20/57	11/74	10/76	11/69
Local Services	18/60	17/60	13/68	18/58	31/41

[a]Based on the questions: "Now let's talk about some specific services. People we've talked to believe that government could cut back spending on these services by eliminating waste, inefficiency and other problems. By what percentage, if any, do you think government could cut back spending on ("X'd" ITEM) without significantly affecting the quality or amount of services provided?"

"And by what percentage, if any, do you think state government could cut taxes and spending without significantly cutting the amount of services?"

"Overall, by what percentage, if any, do you think your local government could cut taxes and spending without significantly cutting the amount of services?"

[b]Each entry has two numbers. The number to the left of the slash is the percentage of respondents who believe that spending cuts of 5% or more would significantly affect the quality or amount of service provided. The number to the right of the slash is the percentage of respondents who believe spending for that service could be cut by 15% or more without significantly affecting the quality or amount of services provided. Percentages are based on those responding to the question. NA means that the question was not asked.

[c]Total does not include Boston oversample.

provided. In addition, these respondents perceive a greater difference between the efficiency of state and local governments than do respondents in other groups. Boston residents are less likely than others to think state services are inefficiently provided and, along with respondents from other high tax rate communities, see very little difference between state and local governments in terms of efficiency.

With respect to perceptions of the efficiency with which specific services are provided, the following patterns emerge:

- Respondents in low tax rate communities were more likely than others to think that police, garbage pickup and street repair services are efficiently provided.
- Respondents in Boston and in low tax rate communities were more likely than others to think school-related services such as elementary and high school education, after-school programs, special education and adult education are efficiently provided.
- Boston residents were somewhat less likely than others to perceive inefficiency in the provision of welfare services. Respondents in the three other groups have similar beliefs about the amount by which spending on this service could be cut back without cutting services.

Closely related to perceptions of inefficiency are perceptions about the cost of municipal personnel, citizen abuse of public services, and corruption. The data presented in Table IX indicate that:

- The perception that municipal employees are overpaid is more common in communities with high tax rates than in those with low tax rates. Boston respondents, for example, are nearly twice as likely as respondents in low tax rate towns to believe municipal employees are overpaid (60% vs. 34%).
- Respondents in low tax rate towns are more likely than others to believe that people expect too many services from the government. Perceptions of the abuse of one particularly sensitive service, welfare, does not vary with the local tax rate, with the exception that Boston residents are less

Table IX

ATTITUDES TOWARD GOVERNMENT AND TAXES[a,b]

By Tax Rate

	Total Respondents[c]	Property Tax Rate per $1,000 of Estimated Property Value			
		Boston	$40 or more	$25 to $39	Less than $25
The government should make sure that each family has enough to live on	65.5%	64.9	68.8%	64.0%	58.0%
People expect too many services from government	68.4	63.8	66.1	70.1	75.5
Government interferes to much in people's lives	76.5	68.4	75.4	79.7	77.6
People now on welfare could find jobs if they really tried	78.8	61.2	82.8	79.5	79.0
City or town employees are over-paid	47.1	60.2	53.4	42.0	34.2
City or town employees don't work as hard as people who work for private companies	66.7	70.9	69.3	66.2	58.6
Proposition 13 in California showed that taxes can be cut without cuts in services	63.8	52.9	65.4	64.7	61.9
Corruption is common in my local government	63.4	87.7	70.0	55.1	50.8
Corruption is common in my state government	87.8	89.8	87.3	88.7	85.4

(continued)

Table IX continued

ATTITUDES TOWARD GOVERNMENT AND TAXES[a,b,c]

By Tax Rate

	Total Respondents	Property Tax Rate per $1,000 of Estimated Property Value			
		Boston	$40 or more	$25 to $39	Less than $25
A graduated income tax is the best way for the state to raise money	61.9%	68.3%	60.4%	61.4%	60.4%
A sales tax is the best way for the state to raise money[d]	73.1	71.3	74.5	72.9	73.6
The property tax is the best way for cities and towns to raise money for city services	58.2	46.7	59.5	59.8	58.5
It's OK for property taxes to rise as fast as the cost of living	21.8	27.9	20.1	21.6	25.4
State government should give more money to the cities and towns so local property taxes can be kept down	77.2	71.8	81.2	77.9	66.5
Taxpayers in rich cities and towns should help pay for services in poorer cities and towns	41.8	50.8	42.4	39.7	39.8
A cut in property taxes would benefit homeowners more than business and industry	59.6	50.2	63.3	59.3	54.8
When property taxes go up, landlords just raise rents	89.4	89.1	88.8	89.9	88.6
When business property taxes go up, businesses just raise their prices to consumers	88.0	88.3	88.1	88.9	86.1

(continued)

Table IX continued

[a]Based on the question: "Now I'd like to get your opinions on tax and other government issues. For each statement I read, tell me whether you agree a lot, agree a little, disagree a little or disagree a lot. How much do you agree or disagree that _____."

[b]Each entry is the percentage of respondents who agree "a lot" or "a little" that the particular outcome will occur. Percentages are based on those responding to the question.

[c]Total does not include Boston oversample.

[d]This question was asked of only a subsample of respondents.

likely than others to believe that "people now on welfare could find jobs if they really tried."

- The belief that corruption is common in local government varies systematically across groups; 87.7 percent of the Boston respondents think their local government is corrupt in contrast to 70.0, 55.1 and 50.8 percent in the other groups. Beliefs about corruption in state government do not vary much across groups.

Preferred Method of Financing Services

Table X shows that most respondents want to retain the property tax as the major revenue source for financing traditional municipal services. A majority, however, would like to shift toward more state financing of special education (60 percent of which is currently financed locally) and toward more state or user charge financing of local public transit. In general, the lower the local tax rate, the higher the proportion of residents who would like to maintain the current financing method or put greater reliance on local property taxes for traditional municipal services. In the case of public education, for example, 64 percent of the respondents in towns with low tax rates, in contrast to 41 percent in Boston, 51 percent in high tax, and 57 percent in moderate tax communities, are content with the current or increased reliance on local property taxes. Respondents in Boston and other high tax rate cities and towns showed more interest than others in shifting to state taxes, particularly income taxes, for most services.

In addition, Boston residents were more likely than others to believe "a graduated income tax is the best way for the state to raise money" and less likely than others to believe "property taxes are the best way for cities and towns to raise money for city services."

Respondents in high and moderate tax rate communities other than Boston are more likely than others to think the state government should give additional money to the cities and towns so local property

Table X

PREFERRED METHOD OF FINANCING PUBLIC SERVICES[a,b]

By Tax Rate[c]

Service Type	Keep Financing the Same	Greater Share of Money Should Come From: Local Property Taxes	State Income Taxes	State Sales Taxes	User Fees	Other Sources
MUNICIPAL SERVICES						
Police[d]	24.4%	50.7%	16.6%	5.2%	2.2%	0.9%
Boston	20.2	48.0	22.6	5.6	1.6	2.0
$40 or more	23.5	46.5	18.1	7.6	3.0	1.5
$25 to $39	25.2	54.0	15.5	3.5	1.6	0.2
Less than $25	29.4	52.6	12.4	3.1	2.1	0.5
Local Public Parks and Recreation	21.9	49.0	12.2	7.1	8.4	1.4
Boston	18.0	47.8	13.9	9.0	10.2	1.2
$40 or more	22.7	46.0	12.6	9.0	8.4	1.3
$25 to $39	19.3	53.6	12.0	4.7	9.5	1.0
Less than $25	30.2	42.7	13.0	7.3	4.7	2.1
Support of Local Public Transportation	17.3	18.2	23.3	12.4	25.7	3.1
Boston	8.6	15.6	30.7	14.3	27.5	3.3
$40 or more	18.6	17.3	23.5	12.8	24.5	3.4
$25 to $39	14.9	21.2	21.2	11.7	28.4	2.5
Less than $25	27.0	14.1	24.3	11.4	20.0	3.2
LOCAL SCHOOL-RELATED SERVICES						
Public Elementary and High School Education	20.3	34.1	28.4	8.5	7.2	1.5
Boston	14.2	26.8	37.8	11.4	7.7	2.0
$40 or more	20.9	30.0	29.2	9.4	8.6	2.0
$25 to $39	19.3	38.0	29.2	6.9	5.6	1.0
Less than $25	24.2	39.5	20.0	7.9	7.4	1.1
After School Programs such as Music and Art	19.6	39.1	13.3	6.2	20.5	1.3
Boston	15.4	32.8	19.1	7.5	22.8	2.5
$40 or more	20.6	37.5	15.0	7.3	18.3	1.3
$25 to $39	17.3	43.0	11.0	5.1	22.2	1.3
Less than $25	27.6	37.0	10.4	6.2	17.7	1.0

(continued)

Table X (continued)

PREFERRED METHOD OF FINANCING PUBLIC SERVICES[a,b]

By Tax Rate[c]

Service Type	Keep Financing the Same	Greater Share of Money Should Come From: Local Property Taxes	State Income Taxes	State Sales Taxes	User Fees	Other Sources
Special Education for Children With Learning Problems	16.9%	15.2%	48.4%	12.1%	5.9%	1.5%
Boston	13.1	13.9	51.8	13.1	6.5	1.6
$40 or more	18.4	13.8	45.8	13.0	6.5	2.5
$25 to $39	14.7	16.4	51.1	11.7	5.3	0.8
Less than $25	22.6	18.8	43.0	9.7	5.9	0.0
Adult Education	19.8	20.3	19.6	6.6	32.4	1.3
Boston	16.1	14.1	24.0	5.8	37.2	2.9
$40 or more	21.4	19.5	19.3	7.4	31.0	1.3
$25 to $39	16.9	22.4	17.6	6.8	35.7	0.7
Less than $25	27.5	21.8	21.8	4.1	22.8	2.1
HUMAN RESOURCES SERVICES						
Mental Health Programs	16.5	5.4	57.8	13.7	4.8	1.8
Boston	15.3	6.6	54.1	14.9	6.6	2.5
$40 or more	19.1	6.7	53.9	13.7	4.7	1.8
$25 to $39	12.5	4.0	64.1	13.5	4.5	1.3
Less than $25	21.1	4.2	52.6	12.6	6.3	3.2
State and Community Colleges and Universities	16.5	3.4	46.1	12.0	20.7	1.3
Boston	11.6	6.2	47.3	10.8	22.4	1.7
$40 or more	17.0	4.0	42.0	14.1	21.0	2.0
$25 to $39	15.3	2.3	48.1	10.3	22.8	1.2
Less than $25	21.9	3.6	49.5	10.9	14.1	0.0

[a]Based on the question: "For each service I read, would you like to keep the financing the way it now is or to see a greater share of the money come from local property taxes, from state income taxes, from state sales taxes, or a greater share from fees paid by users of the service?"

[b]Percentages are calculated for respondents who answered each question, and total to 100% across each row.

[c]Tax rate is property tax rate per $1,000 of estimated property value.

[d]Totals do not include Boston oversample.

taxes can be kept down. Support for greater state aid to local governments does not imply support for redistributing money across jurisdictions, however. Only in Boston were a majority of respondents interested in such redistribution.

Relative Cost of Services to Various Groups in the Population

At least half the respondents in each group think they receive less in services than they pay for. This dissatisfaction is greatest in high tax rate communities, including Boston, where about 60 percent of the respondents are dissatisfied.

AMOUNT OF SERVICES RESPONDENT'S HOUSEHOLD GETS FOR TAXES THEY PAY
By Tax Rate

	My Household Gets Less Than It Pays For		My Household Gets Amount It Pays For	My Household Gets More Than It Pays For	
	Lot Less	Little Less		Little More	Lot More
Total	19.9%	35.5%	36.1%	6.3%	2.1%
Boston	25.1	35.6	29.6	7.7	2.0
$40 or more	20.8	38.6	32.6	6.3	1.8
$25 to $39	18.9	32.6	40.9	5.1	2.4
Less than $25	21.2	38.7	36.8	7.3	1.0

Respondent perceptions of the cost of services to their household compared to the cost of services to other types of households differ across tax rate categories (see Table XI).

- Boston respondents were more likely than others to think that they pay more for their household services than do middle class families and homeowners. They were least likely to think they pay more than renters, poor families or minority groups. This may reflect the greater likelihood of a Boston resident being a renter, poor, or a member of a minority group.
- Respondents in low tax rate towns were least likely to think their households pay more for services than do business or

Table XI

AMOUNT RESPONDENT'S HOUSEHOLD PAYS FOR SERVICES IT RECEIVES COMPARED TO AMOUNT OTHER GROUPS PAY FOR SERVICES THEY RECEIVE[a,b]

By Tax Rate[c]

	Compared to what these households or groups pay for the services they use, my household pays:				
	Much more for the services it receives	Somewhat more for the services it receives	Same amount for the services it receives	Somewhat less for the services receives	Much less for the services it receives
Middle Class Families[d]	5.8%	10.6%	55.1%	20.7%	7.7%
Boston	10.6	13.5	48.6	18.4	9.0
$40 or more	5.6	12.3	52.6	22.1	7.3
$25 to $39	4.3	8.1	59.2	20.6	7.9
Less than $25	7.9	11.6	55.8	17.9	6.8
Poor Families	30.8	13.8	25.0	19.5	10.7
Boston	28.3	10.2	29.5	16.0	10.7
$40 or more	30.0	14.1	25.0	22.1	9.8
$25 to $39	31.8	14.6	24.2	18.9	10.6
Less than $25	34.0	12.6	25.7	25.7	12.0
Renters	13.1	16.3	41.1	21.5	8.0
Boston	7.4	15.2	47.7	20.2	9.5
$40 or more	13.9	17.6	40.4	21.1	6.9
$25 to $39	12.5	15.1	42.4	22.0	8.1
Less than $25	18.4	18.9	34.1	21.1	7.6
Home Owners	6.2	12.1	59.5	16.6	5.7
Boston	12.3	16.8	50.4	15.2	5.3
$40 or more	5.5	15.8	58.0	13.4	7.3
$25 to $39	3.6	10.5	62.7	17.7	5.4
Less than $25	7.4	10.5	60.5	16.8	5.8
Minority Groups	35.8	15.6	26.9	13.9	7.7
Boston	34.3	12.0	28.8	17.2	7.7
$40 or more	37.2	16.2	27.8	12.4	6.4
$25 to $39	36.9	14.4	26.0	14.1	8.5
Less than $25	30.8	20.5	27.0	14.0	7.6
Retired People	14.7	12.1	36.2	23.5	13.5
Boston	20.3	10.4	38.6	19.1	11.6
$40 or more	15.1	13.9	36.0	23.1	11.9
$25 to $39	13.6	10.4	35.6	24.8	15.6
Less than $25	13.5	15.1	37.0	22.4	12.0
Business and Industry	42.2	20.5	24.4	9.4	3.3
Boston	46.6	19.1	25.8	6.4	2.1
$40 or more	46.0	19.7	22.3	8.9	3.0
$25 to $39	40.1	21.3	25.7	9.7	3.2
Less than $25	34.6	20.7	28.2	12.2	4.3

(continued)

Table XI (continued)

AMOUNT RESPONDENT'S HOUSEHOLD PAYS FOR SERVICES IT RECEIVES COMPARED TO AMOUNT OTHER GROUPS PAY FOR SERVICES THEY RECEIVE[a,b]

By Tax Rate[c]

[a]Based on the question: "Sometimes it seems that certain groups of people pay a lot in taxes but don't get very many services while others don't pay much in taxes but get a lot of services. Please tell me whether (X'd GROUP) gets a lot less than they pay for, a little less, the same amount as they pay for, a little more, or a lot more than they pay for." Responses were scored on a five-point scale ranging from one (lot less) to five (lot more). Respondent's score for own household was subtracted from his/her score for other groups. "Much less" is a score of two or more, "Somewhat less" is a score of one, "Same amount" is a score of zero, "Somewhat more" is a score of minus one, and "Much more" is a score of minus two or less.

[b]Percentages are calculated for respondents who answered each question, and total to 100% across each row.

[c]Tax rate is property tax rate per $1,000 of estimated property value.

[d]Totals do not include Boston oversample.

industry. Nevertheless, even among these respondents, more than half believe they pay more for the services they receive than the business sector pays for the services it receives.

Slightly less than half the respondents reported that the services they received at the time of the survey for the taxes they paid were about the same as they were two years earlier; a similar proportion reported that things were getting worse. Essentially no differences emerge across community groups.

CURRENT RATIO OF SERVICES RECEIVED TO TAXES PAID
COMPARED TO TWO YEARS AGO
By Tax Rate

	Compared to two years ago, my household is:		
	Better Off	About the same	Worse off
Total	7.5%	46.6%	45.9%
Boston	7.1	49.0	43.9
$40 or more	8.0	47.0	45.0
$25 to $39	6.4	45.9	47.7
Less than $25	9.4	45.8	44.8

As Table XII demonstrates, at least half the respondents reported that the relationship between their household service costs and those of most other groups had remained relatively constant over the previous two years. Only when comparing their service costs to those of business and industry did more than a third of the respondents feel they were worse off than they were two years earlier. Respondents in low tax rate towns were less likely than others to think the cost of their households' services worsened relative to that of business and industry.

IV. SUMMARY

Because Proposition 2 1/2 requires larger revenue reductions in communities with high tax rates than in those with low rates, we hypothesized that residents' expectations about the effects of Proposition 2 1/2 would vary systematically across communities grouped by local tax rate. The observed patterns are generally consistent

Table XII

CHANGE OVER PAST TWO YEARS

IN AMOUNT RESPONDENT'S HOUSEHOLD PAYS FOR SERVICES IT RECEIVES

COMPARED TO AMOUNT OTHER GROUPS PAY FOR SERVICES THEY RECEIVE[a,b]

By Tax Rate[c]

	Compared to these groups, my household is:				
	Much better off	Somewhat better off	About the same	Somewhat worse off	Much worse off
Middle Class Families[d]	2.9%	22.2%	66.8%	6.6%	1.5%
Boston	2.6	28.9	60.9	6.0	1.7
$40 or more	2.7	22.5	64.3	8.8	1.7
$25 to $39	2.9	21.4	69.9	5.1	0.7
Less than $25	4.2	17.7	69.3	5.7	3.1
Poor Families	3.6	26.2	52.3	12.5	5.4
Boston	3.0	32.8	51.1	9.8	3.4
$40 or more	4.0	25.8	51.1	13.8	5.3
$25 to $39	2.8	26.3	52.2	12.6	6.1
Less than $25	4.7	21.6	58.4	10.0	5.3
Renters	3.1	22.6	60.5	11.5	2.3
Boston	3.8	26.3	62.3	5.9	1.7
$40 or more	2.5	23.4	60.8	11.6	1.7
$25 to $39	2.7	21.9	60.9	11.8	2.8
Less than $25	5.3	19.1	58.5	14.4	2.7
Home Owners	2.9	20.8	68.8	6.1	1.5
Boston	2.1	24.9	62.0	8.4	2.5
$40 or more	3.2	19.9	67.9	6.5	2.5
$25 to $39	3.0	21.0	70.8	4.6	0.7
Less than $25	2.1	19.5	70.5	7.9	0.0
Minority Groups	2.4	17.7	47.8	20.8	11.3
Boston	1.7	25.3	48.9	15.5	8.6
$40 or more	2.8	16.4	46.3	23.0	11.4
$25 to $39	2.2	16.7	47.7	21.2	12.2
Less than $25	1.6	18.5	53.4	16.9	9.5
Retired People	4.1	28.9	54.3	9.6	3.1
Boston	3.8	33.3	53.0	7.7	2.1
$40 or more	4.3	27.0	55.3	9.8	3.5
$25 to $39	3.1	30.0	55.1	9.7	2.1
Less than $25	6.3	27.2	50.8	9.9	5.8
Business and Industry	1.7	10.8	43.9	28.4	15.3
Boston	1.3	8.7	45.2	28.3	16.5
$40 or more	1.9	10.1	42.4	29.7	16.0
$25 to $39	2.2	10.6	44.5	26.9	15.8
Less than $25	0.0	15.0	50.3	24.6	10.2

Table XII (continued)

CHANGE OVER PAST TWO YEARS

IN AMOUNT RESPONDENT'S HOUSEHOLD PAYS FOR SERVICES IT RECEIVES

COMPARED TO AMOUNT OTHER GROUPS PAY FOR SERVICES THEY RECEIVE[a,b]

By Tax Rate[c]

[a]Based on the question: "Now we'd like you to think about two years ago. Taking into account the services they get for the taxes they pay, are (X'd GROUP) better off, worse off, or about the same now as they were two years ago?" Responses were scored on a three-point scale ranging from one (better off) to three (worse off). Respondent's score for his or her household was subtracted from his or her score for other groups. "Much better off" is a score of minus two, "Somewhat better off" is a score of minus one, "About the same" is a score of zero, "Somewhat worse off" is a score of plus one, and "Much worse off" is a score of plus two.

[b]Percentages are calculated for respondents who answered each question, and total to 100% across each row.

[c]Tax rate is property tax rate per $1,000 of estimated property value.

[d]Totals do not include Boston oversample.

with this prediction. The higher the local tax rate, the more likely respondents were to expect lower taxes. Surprisingly, however, these expected tax reductions were not systematically translated into expected reductions in specific local services. That is, respondents in communities with high tax rates were no more likely than those in communities with moderate or low tax rates to expect cuts in specific local services. Only the Boston respondents were more likely than those in other groups to expect cuts in many of the specific local services, but even they were no more likely than others to expect cuts in police and fire services.

Although not based on firm theoretical hypotheses, the observed differences across community groups in preferences for changes in service levels, taxes and government operations are enlightening and confirm initial speculations that the higher the local tax rate the less satisfied residents were likely to be with their fiscal situations. In general, we find that residents in high tax rate communities were more likely than others to want higher levels of local public services, to believe that their local government was inefficient and corrupt, and to believe that municipal employees were overpaid. In addition, respondents in high tax rate areas were more likely than others to prefer a shift away from local property tax financing to financing by state government or users. Moreover, respondents in high tax rate cities and towns were more likely than others to believe that they received less in services that they paid for in taxes. Interestingly, however, they were no more likely than others to feel that their fiscal situation had deteriorated during the two years prior to the Proposition 2 1/2 vote.

The differences in fiscal dissatisfaction across communities grouped by local tax rate are interesting in their own right and worthy of further investigation. The link between fiscal dissatisfaction and the vote on Proposition 2 1/2 is ambiguous, however. Support for Proposition 2 1/2 across communities is not a simple function of voters' dissatisfaction with their fiscal situation; the "yes" vote of our Boston sample, for example, was less than that of

communities with moderate tax rates despite the greater fiscal discontent found among respondents in the Boston sample. This partially reflects the finding that respondents in high tax rate areas wanted relatively more, rather than fewer, services and that respondents in different communities had differing expectations about the impact of Proposition 2 1/2 on service levels and governmental efficiency.[1]

[1]For complete multivariate models of voter behavior, see Ladd and Wilson, "Who Supports Tax Limitations: Evidence from Massachusetts' Proposition 2 1/2" and "Why Voters Support Tax Limitations: Evidence from Massachusetts' Proposition 2 1/2."

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APPENDIX A

STATISTICAL SIGNIFICANCE OF PERCENTAGE DIFFERENCES

STATISTICAL SIGNIFICANCE OF PERCENTAGE DIFFERENCES

The following tables are guides for determining the significance (two standard errors) of differences in percentages between any two subgroups in the overall sample. The size of the difference necessary for significance decreases as the sample sizes increase and as the percentages being compared move away from 50 percent in either direction. Thus, a separate table is presented for each of four sets of percentages. The entries in each cell define the range of necessary differences for samples of varying sizes. The lower number is the difference required for significance between two simple random samples. The higher number, 1.25 times the lower number, is a conservative estimate of the difference required for significance when other sample designs are used.

A stratified random cluster sample plan was used in this study. Stratification reduces the size of the standard errors relative to those in simple random samples; clustering increases the size of the standard errors. Because the sampling plan incorporated a large number of clusters (65) with a small number of interviews in each cluster (15 to 25), any increase in standard errors due to clustering should be minor and more than offset by the decreases gained through stratification. Thus the entries at the lower end of each scale represent conservative estimates of the difference in percentages required for significance between any two subgroups in this study.

The sizes of the subgroups analyzed in this paper are as follows:

Subgroup	Number in Sample
Boston	248
High tax rate community	615
Moderate tax rate community	620
Low tax rate community	197

Table A-I

EXAMPLE OF SAMPLING ERRORS OF DIFFERENCES BETWEEN PERCENTAGES[1]

No. of Interviews	No. of Interviews							
	2000	1000	700	500	400	300	200	100
For Percentages from 35 to 65								
2000	3.2–4.0	3.9–4.9	4.4–5.5	5.0–6.2	5.5–6.9	6.2–7.8	7.4–9.2	10–12
1000		4.5–5.6	4.9–6.1	5.5–6.9	5.9–7.4	6.6–8.3	7.7–9.6	10–13
700			5.3–6.6	5.9–7.4	6.3–7.9	6.9–8.6	8.0–10	11–13
500				6.3–7.9	6.7–8.4	7.3–9.1	8.4–10	11–13
400					7.1–8.9	7.6–9.5	8.7–11	11–14
300						8.2–10	9.1–11	12–14
200							10–12	12–15
100								14–17
For Percentages around 20 and 80								
2000	2.5–3.1	3.1–3.9	3.5–4.4	4.0–5.0	4.4–5.5	5.0–6.2	5.9–7.4	8.2–9.8
1000		3.6–4.5	3.9–4.9	4.4–5.5	4.7–5.9	5.3–6.6	6.2–7.8	8.4–10
700			4.3–5.4	4.7–5.9	5.0–6.2	5.5–6.9	6.4–8.0	8.6–10
500				5.1–6.4	5.4–6.8	5.8–7.2	6.7–8.4	8.8–11
400					5.7–7.1	6.1–7.6	6.9–8.6	9.0–11
300						6.5–8.1	7.3–9.1	9.2–11
200							8.0–10	9.8–12
100								11–14
For Percentages around 10 and 90								
2000	1.9–2.4	2.3–2.9	2.6–3.2	3.0–3.8	3.3–4.1	3.7–4.6	4.4–5.5	
1000		2.7–3.4	3.0–3.8	3.3–4.1	3.6–4.5	4.0–5.0	4.6–5.8	
700			3.2–4.0	3.5–4.4	3.8–4.8	4.1–5.1	4.8–6.0	
500				3.8–4.8	4.0–5.0	4.4–5.5	5.0–6.2	
400					4.2–5.2	4.6–5.8	5.2–6.9	
300						4.9–6.1	5.5–6.9	
200							6.0–7.5	
For Percentages around 5 and 95								
2000	1.4–1.8	1.7–2.1	1.9–2.4	2.2–2.8	2.4–3.0	2.7–3.4		
1000		1.9–2.4	2.1–2.6	2.4–3.0	2.6–3.2	2.9–3.6		
700			2.3–2.9	2.6–3.2	2.7–3.4	3.0–3.8		
500				2.8–3.5	2.9–3.6	3.2–4.0		
400					3.1–3.9	3.3–4.1		
300						3.6–4.5		

TABLE 14.1.III Example of Sampling Errors of Differences between Percentages

The values shown are the differences required for significance (two standard errors) in comparisons of percentages derived from *two different subgroups* of the survey. Two values—low and high—are given for each cell.

These generalized and approximate values of $2\,se\,(p - p')$ represent the results of many computations. The low values are merely $2[PQ(1/n + 1/n')]^{1/2}$, corresponding to two simple random samples. The high values are about 1.25 greater. Most of the actually computed values of the standard error fell between these two boundaries. (*Source:* Freedman, Whelpton, and Campbell [1959].)

[1]Leslie Kish, Survey Sampling. New York: John Wiley and Sons, Inc., 1965, p. 580.